

22 April 1954

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MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Review of NIE-84: "Probable Developments in Guatemala"

The Board of National Estimates has reviewed the conclusions of NIE-84, "Probable Developments in Guatemala", which was adopted by the IAC on 12 May 1953.

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Discussion of critical

aspects of the problem is contained in the Enclosure.

CONCLUSIONS

1. We consider that the conclusions of NIE-84 remain essentially valid. In particular, we reaffirm the first conclusion, as follows:

The current political situation in Guatemala is adverse to US interests. The Guatemalan Communists exercise a political influence far out of proportion to their small numerical strength. Their influence will probably continue to grow as long as President Arbenz remains in power.

2. The Communists now effectively control the political life of Guatemala. Arbenz' decisions on domestic and foreign policy are reached, not in the official cabinet, but in a kitchen cabinet composed of Communists and pro-Communists. There is no prospect of a break between Arbenz and the Communists.

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3. There has probably been an increase in popular disillusionment with the Arbenz regime. There is certainly increased desperation among opposition elements. In present circumstances, however, the possibility of effective internal political action to alter the situation does not exist. We believe that effective revolutionary action would require the active support of a major portion of the Army.

4. The disposition of the Army toward the regime is therefore crucial. We note indications of unrest, even of disaffection, within the Army and consider that a revolutionary potential now exists there. We do not believe, however, that the Guatemalan Army is likely to take spontaneous action against the Arbenz regime.

5. The Communists will be concerned to neutralize the revolutionary potential in the Army, and, with the passage of time, may succeed in doing so.

6. The solidarity of the other Central American states in opposition to Guatemala has weakened during the past year and may further decrease.

7. In view of the foregoing considerations, we believe that time is on the side of the Communists in Guatemala.

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26 December 1954

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Probable Consequences in Western Europe of French Rejection of the Paris Agreements

1. French rejection of the Paris agreements would cause profound confusion throughout Western Europe, and would tend to solidify existing doubts as to the feasibility of attempting to deal with France on European problems. There would probably also be great apprehension in Western Europe concerning the probable course of US policy. On the one hand, many Western Europeans would fear drastic moves by the US, and perhaps the UK, to arm the West Germans outside the alliance system; on the other hand, many would fear that the US may revert to a peripheral strategy. There would probably also be concern that a West Germany which has been barred from equal status in the Western alliance would abandon its present moderation and its pro-Western policy. Notwithstanding these immediate reactions, we foresee a hiatus while a new French government is being formed, while the West Germans are seeking to adjust to this new situation, and while Western Europe

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await new initiatives from both the leaders of the Western alliances and the USSR.

2. France's adverse vote would be exploited by the Soviet Bloc as a great victory. Moscow might quickly seize the initiative with a new call for a European conference in an effort to delay US and UK moves to retrieve the situation. In this event, Western European governments would be under strong popular pressure to agree to such a conference.

3. The UK would make strenuous efforts to formulate an alternative policy toward West Germany which would prove acceptable to the French. Only if all efforts to get France to change its position failed, would the UK be willing to proceed on a bilateral basis with the US to rearm West Germany. However, in view of the considerable popular opposition to German rearmament, the UK might favor postponing such an approach until after the next general election. Probably only in the event of disturbing developments in West Germany and strong pressure from the US would they be likely to cut short their continuing efforts to find a solution in which France would participate. The likelihood of the UK proceeding without France would be substantially reduced if the Labor Party came to power.

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4. French rejection will reduce the prestige of Adenauer and his party and many West Germans probably would become more amenable to renewed Bloc approaches on reunification. Nevertheless, we believe that a basic reorientation of West German foreign policy would be unlikely and that the CDU would remain the dominant political force, at least until the next federal election. Bonn's immediate response to French rejection probably would be a demand for prompt restoration of sovereignty. Despite West German bitterness and frustration, Adenauer would continue his attempt to obtain French collaboration by a substitute formula for sovereignty and rearmament. The West Germans would be reluctant to proceed with rearmament over a French veto since their military experts consider a European defense strategy without France impracticable.

5. We believe that final French Assembly rejection of the Paris agreements would be primarily a matter of clashing personalities and party interests rather than an indication that a majority of Parliament actually is unwilling to accept German rearmament.

6. The fall of the present government would probably be followed by a return to the type of right-center coalition

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government which existed prior to Vichy-France; Pinay or Faure might head such a government. We believe that the over-riding objective of that government would be to repair the damage done to France's relations with its western allies. However, the traditional conflicts within the French political scene would continue to operate against the achievement of that objective. Nevertheless, we believe that a display of US-UK determination to rearm Germany, if necessary, without French acquiescence, would eventually cause the French to accept German rearmament.

FOR THE BOARD OF NATIONAL ESTIMATES:

SHERMAN KENT
Assistant Director
National Estimates

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